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WEEKLY ROUNDUP OF WORLD PRODUCTION AND TRADE

WR 21-82

WASHINGTON, May 26--The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following recent developments in world agriculture and trade:

## GRAIN AND FEED

JAPAN imported 1.4 million tons of corn from South Africa during July 1981-February 1982, more than 16 percent above the previous record in 1975/76, and twice the 1980/81 level. USDA expects Japan to import 2 million tons of South African corn through June, despite a 1-million-ton decline in Japanese corn imports this season, estimated at 13 million. South African corn exports require direct subsidization to be competitive in global markets. This year, the South African Maize Board losses may reach \$60 per ton. U.S. corn exports to Japan have been lagging considerably behind last year's levels. In the eight-month period beginning July 1981, the U.S. shipped about 7 million tons of corn to Japan. The previous year, almost 9 million tons had been shipped for the same period.

## OILSEEDS AND PRODUCTS

ARGENTINA modified various charges and rebates on exports in conjunction with a 17-percent devaluation of the peso in early May.

The official exchange rate is now 14,000 pesos per U.S. dollar. At the same time, an emergency export exchange tax of 1,000 pesos per dollar was established on exports of certain agricultural commodities including all oilseeds except confectionery peanuts. This is in addition to the 10-percent retention tax on exports of these items in effect since last December.

The 10-percent tax rebate on exports of soybean meal and all types of vegetable oils has been removed. However, these items were not subject to the export tax and are not subject to the new emergency tax. Other oilseed meals had the 5-percent rebate removed and are now subject to a 5-percent export tax. For the soybean complex, the net effect of these changes continues to provide incentives for product exports, since they are untaxed, while soybean export earnings are taxed at about 17 percent.

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Fishmeal production during January-February 1982 by FEO (Fishmeal Exporters Organization) countries declined 15 percent from the same period in 1981. During the 1982 period, fishmeal exports by FEO countries rose by 48 percent. The data are as follows in 1,000 metric tons:

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	Jan-Feb 1981		Jan-Feb 1982	
	Production	Exports	Production	Exports
Chile	32.4	64.8	65.6	110.8
Iceland	20.7	19.8	8.4	25.5
Norway	58.7	37.1	50.6	26.4
Peru	97.9	24.7	56.1	53.9
South Africa	<u>28.4</u>	<u>.2</u>	<u>21.2</u>	<u>0</u>
Total	238.1	146.6	201.9	216.6

Despite some drawdown in fishmeal stocks in recent months, aggregate FEO country stocks on March 1, 1982 exceeded 375,000 tons -- up nearly one-third from the same date in 1981.

Fishmeal prices, basis Europe, have increased by about 4 percent since March and in early May were running a 49-percent premium over soybean meal. However, prices remain about one-fourth under levels a year earlier when fishmeal commanded a 70-percent premium over soybean meal.

#### DAIRY, LIVESTOCK AND POULTRY

SOVIET meat production from state and collective farms in the first 4 months of 1982 dropped 2 percent from 1981. This was the lowest level recorded in the past 5 years. Beef and pork production was down 3 and 5 percent, respectively, while poultry and sheep/goat meat production was up 10 and 7 percent, respectively. In 1979, state and collective farms produced more than 80 percent of the beef and about 60 percent of the poultry, pork and mutton.

The drop in beef and pork production in January-April 1982 was the result of the continued decline in the weight of animals slaughtered. Both are down 3 percent in the first four months of 1981 and are at 5-year lows.

The livestock inventories on state and collective farms as of May 1 show a 1 percent drop for hogs from the same period last year while cattle numbers are up slightly, representing a 5-year high. Poultry numbers have continued to grow, but at a slower rate than last year, while sheep and goat inventories are down slightly. Both hog and sheep and goat inventories on May 1 represented 5-year lows.

As an indication of general feed conditions, Soviet milk yields per cow were down 5 percent from last year and also at 5-year lows. Production data on a republic level show milk yields in Kazakhstan and the Ukraine down 8 and 7 percent, respectively, from year ago levels. Yields in Moldavia were 15 percent below 1981 levels. A sharp rise in Moldavia's meat production seems to indicate herd reduction.

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Broiler production in SPAIN, according to the agricultural counselor, is expected to slow by 4 percent in 1982 after setting a new record in 1981 of 815,000 tons. In response to a shift in consumer demand from red meat to less expensive poultry meat, producers expanded broiler output sharply last year. However, the 16-percent rise in production outpaced consumer needs causing a surplus which depressed prices and created financial losses.

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Milk production in HUNGARY will reach 2.8 million tons in 1982 according to the agricultural counselor. That production level is a 6-percent increase over 1981 which was 4 percent above 1980. Increased productivity caused most of the change since milk cow numbers have changed little. Higher yields per cow, more than 40 percent in 6 years, are a direct result of a cross-breeding program initiated about 10 years ago. This program crosses native Hungarian dairy lines with U.S. Holstein lines. More than 35 percent of Hungarian dairy cattle are now first,-second,-or third-generation Holstein crossbreeds.

A major portion of the increased milk supplies are made into butter, cheese, yogurt, and other products. Butter and cheese production were up 3.4 and 10.0 percent, respectively, in 1981. Similar increases are expected in 1982 if milk production increases as forecast.

#### COTTON

CHINA's 1982 cotton area is expected to increase to approximately 5.3 million hectares, according to the agricultural counselor in Peking. This is 200,000 hectares over the 5.1 million estimated planted in 1981. The additional cotton area is partially accounted for by land reclamation, and areas previously planted to corn or sweet potatoes. With larger irrigated cotton area and normal weather, production could increase about 4 percent and exceed 14 million bales.

#### TOBACCO

WORLD production of unmanufactured tobacco for 1982 is expected to be 5.68 million tons, farm sales weight basis, nearly unchanged from the 1981 level. Production of flue-cured tobacco is expected to decline slightly to 2.824 million tons. Production decreases in the United States and Japan will be offset by increases in Canada, Zimbabwe, Argentina, Brazil, and India. The effective marketing quota in the United States was decreased by 12 percent. Canada and Zimbabwe increased their quotas. Good weather and improved export prospects spurred production in Argentina, Brazil and India. Production in China is expected to remain near the 1981 level.

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Strong world demand and prices are expected to bring a 7-percent increase in world burley production to 675,000 tons. USDA expects production to increase 40 percent in Malawi and 55 percent in Brazil, in addition to smaller increases for Japan, Korea and Italy. Burley production in the United States is likely to remain near the 1981 level of 331,000 tons despite a 6 percent lower effective marketing quota. Production of oriental tobacco is expected to rise to 887,000 tons. This is an increase of 6.6 percent from 1981 due to greater production in Turkey and the recovery of output in Bulgaria and the USSR from poor crops in 1981.

Production of other light air-cured tobacco is estimated at 215,000 tons, down more than 5 percent from 1981. United States production is expected to drop more than a third as a result of a provision in the 1981 Farm Bill which effectively eliminates growing Maryland tobacco outside the traditional growing areas. Dry weather is expected to reduce India's crop. Increases are expected in Mexico and Japan. Adverse weather reduced production of dark air- and sun-cured tobacco in India and is the major cause of a forecast world production decline in 1982 to 869,000 thousand tons, down nearly 4 percent from 1981. Argentina, Poland and Italy expect to produce more, while France is expected to produce less. United States growers allotments for cigar tobaccos were reduced 15 to 20 percent for 1982. This is expected to result in a 15-percent drop in production. When combined with the blue-mold reduced crop in Cuba and smaller crops in the Dominican Republic, Indonesia and Poland, this is expected to cause a 12-percent drop in world production for 1982 to 163,000 tons.

A shift in Malawi to burley production resulted in a decline of nearly 4,600 tons of dark fire-cured tobacco in 1982. However, in the United States, higher grower prices, unchanged acreage allotments, and less favorable prospects for alternative crops are expected to result in increased production of dark fire-cured. Coupled with an increase in Poland, these developments are expected to result in world production of nearly 50,000 tons, down 2.4 percent from 1981.

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In JAPAN, an ad hoc committee on administrative reform released an outline of its proposals for restructuring Japan's three main public corporations, including Japan Tobacco and Salt Public Corporation (JTS). The commission's final report is expected in July. The proposals are an effort to streamline the Japanese Government, although there are no indications as to when the changes, if any, might be implemented. Tobacco-related proposals for JTS include shifting JTS operations, including cigarette manufacturing, to private management; switching JTS to a government-owned corporation as an interim measure and liberalizing of manufactured tobacco imports and distribution.

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NORWAY imported 5,765 tons of unmanufactured tobacco in 1981, down 10 percent from 1980. The United States was again the largest supplier with 1,934 tons. The next largest suppliers included Brazil (951 tons), followed by Malawi (542 tons) and Denmark (395 tons). Although Norway's 1981 imports were lower, its ending stocks rose to 7,162 tons, equivalent to about 16 months consumption.

#### HORTICULTURAL AND TROPICAL PRODUCTS

WORLD production of industrial molasses in 1981/82 is estimated at 33.81 million tons, 10 percent greater than the revised estimate of 30.75 million tons produced in 1980/81. This season's higher output, based on data from 83 producing countries, is attributed to the world's larger production of both beet and cane sugar.

The surge in sugar production in the European Community (EC), in particular, precipitated a 23-percent increase in molasses production. The figure rose from 3.20 million tons in 1980/81 to a record 3.94 million this season. The greater availability of molasses is welcome especially in the United Kingdom. In the U.K., molasses utilization is growing in popularity due to its properties as a high-energy ingredient in animal feed and its contribution to the palatability of compound feed rations and of sugarbeet pulp feeds. Throughout the EC, molasses is also used widely in the production of alcohol, yeast and starch.

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Production of non-centrifugal sugar for 1981/82 is up in INDIA and PAKISTAN due to record sugarcane crops. For both countries, however, -- as well as world-wide, -- the importance of non-centrifugal sugar production continues to decline.

#### NON-CENTRIFUGAL SUGAR PRODUCTION IN SELECTED COUNTRIES

1979/80-1981/82

(1,000 METRIC TONS)

Producing Country	<u>1979/80</u>	<u>1980/81</u>	<u>1981/82</u>
INDIA	5,900	6,600	7,000
PAKISTAN	1,350	1,400	1,600
BANGLADESH	648	573	565
COLOMBIA	800	770	710

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INDIA, the world's largest producer of non-centrifugal sugar, is expected to produce about 7.0 million tons of the sugar, called gur in South Asia, during the 1981/82 season. Despite this year's increase in gur output -- largely due to the record cane harvest of 178 million tons -- gur's share of total cane utilization has been declining. Because of low gur prices in recent years more and more farmers are marketing their cane at centrifugal sugar mills.

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PAKISTAN's production of gur for 1981/82 is estimated at 1.6 million tons, 14 percent greater than the estimated output during 1980/81. Roughly 17 million tons of cane is expected to be used in the production of gur in 1981/82 accounting for over half of the sugarcane harvest. Due to government programs and attractive prices, an increasing share of sugarcane is going to mills to be processed into centrifugal sugar. In 1981/82, an estimated 38 percent of the cane processed went to centrifugal sugar, compared with only 21 percent in 1979/80.

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BANGLADESH's production of non-centrifugal sugar for 1981/82 is estimated at 565,000 tons, down slightly from the previous season. This is a sharp contrast to centrifugal sugar production for 1981/82 which is up 26 percent to 195,000 tons. This reflects government incentives to producers to sell their cane to government-owned mills rather than to produce homemade gur. Despite this shift, gur production remains the primary use of sugarcane, taking 4.7 million tons or about two-thirds of the 7.0 million tons of cane harvested in 1981/82. Centrifugal sugar remains a luxury for most Bangladeshies and consumption depends on its price relative to gur.

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COLOMBIA's production of non-centrifugal sugar, called panela in Latin America, declined 8 percent in 1981/82 to 710,000 tons. The area planted to sugarcane for panela is estimated at 240,000 hectares for the 1980/81 season, down 7 percent from 1979/80. Colombian farmers and others are opting more often to market their cane for centrifugal processing because of the declining demand for panela by consumers who increasingly are shifting to centrifugal sugar.

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Excellent growing and drying conditions throughout AUSTRALIA have prompted an upward revision in the estimate for the 1981/82 crop of dried vine fruits. Sultana output is now expected to reach 81,300 metric tons, 8 percent greater than the 75,000 tons reported in WR 18-82 of May 5, 1982. Current production is forecast at 7,700 tons compared with the May 5 estimate of 7,200 tons. These increases will more than offset a projected decline in lexia raisin volume, now placed at 6,000 tons -- 1,000 tons less than the May preliminary estimate.

RECENT FOREIGN AGRICULTURE CIRCULARS

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Rotterdam Prices and E.C. Import Levies:

Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	May 18, 1982	Change from		\$ per m. ton
		\$ per bu.	£ per bu.	
*				
Wheat				
Canadian No. 1 CWRS-12.5%....	1/	1/	1/	1/
U.S. No. 2 DNS/NS: 14%.....	181.00	4.92	.01	202.00
U.S. No. 2 D&W/HW: 13.5%....	1/	1/	1/	200.00
U.S. No. 2 S.R.W.....	1/	1/	1/	157.00
U.S. No. 3 H.A.D.....	181.00	4.92	-.03	221.00
Canadian No. 1 A: Durum.....	1/	1/	1/	1/
Feed grains:				
U.S. No. 3 Yellow Corn.....	132.50	3.37	.04	156.00
U.S. No. 2 Sorghum 2/.....	1/	1/	1/	158.00
Feed Barley 3/.....	1/	1/	1/	156.00
Soybeans:				
U.S. No. 2 Yellow.....	266.00	7.24	-.09	300.50
Brazil Soyameal Pellets 4/..	244.00	--	-1.50 5/	1/
U.S. 44% Soybean Meal (MT) ..	230.00	--	-5.00 5/	259.00
EC Import Levies				
Wheat 6/.....	112.85	3.07	-.03	93.90
Barley.....	88.00	1.92	-.01	69.00
Corn.....	101.55	2.58	+.01	67.65
Sorghum.....	94.30	2.40	-.02	63.10

1/ Not available.

2/ Optional delivery: Argentine Granifero Sorghum.

3/ Optional delivery: Canadian Feed Barley.

4/ Optional delivery: Argentine.

5/ Dollars per metric ton.

6/ Durum has a special levy.

\* Strike at major grain elevators very disruptive to grain prices (may not be fully representative).

Note: Basis June delivery.